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Mr. Lester Snow, Executive Director  
CALFED BAY-DELTA ADVISORY  
1416 Ninth Street, Suite 1155  
Sacramento, CA 95814

April 11, 1997

**CALFED Bay-Delta Advisory Council (BDAC) Finance Work Group**

Dear Lester:

I received a copy of the "Draft Financial Case Study" which was distributed and discussed at the BDAC Finance Work Group meeting in Contra Costa on April 4, 1997. Regrettably, I was not present at the meeting to benefit from the discussion that took place on this document. However, I will note that the draft is really NOT a "Financial Case Study". It does a good job of discussing solution principles that might be applied to the formulation of a financial strategy. It also does a good job of discussing the linkage between the financial strategy with the other work groups (assurances, ecosystems, etc.), as well as the commonality of benefits which would accrue to the ecosystem, water quality, conveyance and storage, system integrity, and water use efficiency from CALFED investments in either facilities or programs for these respective purposes. On page 7 under "1) Affordability, the draft states that "...The case study is intended to facilitate discussion of the information that will be necessary in order to reach the conclusion in Phase II that the Solution is affordable". This section also discusses the fact that the Solution be among the least expensive ways that achieve program objectives and requires that sufficient funding be available to enable implementation. To make progress on formulating a financial strategy and addressing the affordability issue, it seems to me that the CALFED staff will have to develop cost estimates of facilities and programs and relate these to the benefits that will be achieved in each of the primary areas (i.e., ecosystem, restoration, water supply reliability, water quality, and system vulnerability). I realize that the programmatic level of detail is not project-specific but, frankly, I do not see how a financial strategy can be developed without quantification of costs and benefits. At least at this stage, there should be some overall estimate of how much funding will be required by the water users/diverters and the state and federal governments to implement CALFED programs over the next 20 years.

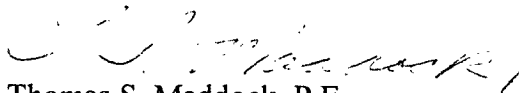
Mr. Lester Snow  
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I hope some progress can be made on my suggestions preparatory for the next Finance Work Group meeting scheduled for April 30 in Sacramento.

Sincerely

***Boyle Engineering Corporation***



Thomas S. Maddock, P.E.  
Chairman of the Board

Copy: Eric Hasseltine  
Zach McReynolds

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